



The More You Know

Office of the Chief Financial Officer
Office of Tax and Revenue
Collection and Enforcement Administration

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Mission Statement



The mission of the Collection and Enforcement Administration is to promptly collect the proper amount of tax from all persons who have not filed tax returns and/or paid tax as required by District of Columbia law; to encourage voluntary compliance with the law; and to provide accurate, timely and courteous customer service

Strategic Objective Alignment

Continually Improve Customer Service

- Cloud based Phone System
- Call Monitoring
- Customer Service Surveys
- Quality Assurance

Create a Culture Continuous Process Improvement

- The Agency will modernize its processes, encourage innovation, and replace legacy technology systems to effectively and efficiently address its enforcement and service needs.
- Employee Engagement
- Learn Lean Process Improve Methodology

Develop, Attract, and Retain High Quality Employees

- The Agency will attract, hire, and retain qualified staff, providing development opportunities for both current and future professional growth and make available the necessary tools and resources to maximize performance.
- Create Career Path
- Training Academy

Manage a Fair and Equitable System to Collect District Revenues

- Automate Enforcement Action/ Consistent Taxpayer treatment
- Internal Controls Program/Implement new Risk Controls
- Adhere to newly refined Policies and Procedures

Improve Transparency and Quality Information

- The Agency will utilize an open and transparent approach in dealing with taxpayers while maintaining the privacy and security of taxpayer information, and it will fairly, equitably, and consistently apply the law.
- Continually Improve Public Confidence
- Compliance Continuum
- Communicate OAH Appeals Process
- Develop Administrative Appeals Process

Field Division Breakdown

Field Division

Key Areas:

Field Visitations and Canvassing

General Seizures

High Value Accounts

Liens and Levies

Offers-in-Compromise

Payment Agreements

Sales Tax Certificate Revocation

Special Events

Street Vendors

Volunteer Compliance – Education



Enforcement Division Breakdown

☐ Enforcement Division

Key Areas:

Bankruptcy – Proof of Claim Filing

Bulk Sale

Liens and Levies

Payment Agreements

Offers-in-Compromise

Outsource – (2) Outside Collection Agencies



Specialty Division Breakdown

▣ Specialty Division

Key Areas:

Call Center and Walk-In Center

Certificate of Clean Hands

CP 2000 (IRS Unreported Income Program)

Individual and Business Installment Agreements

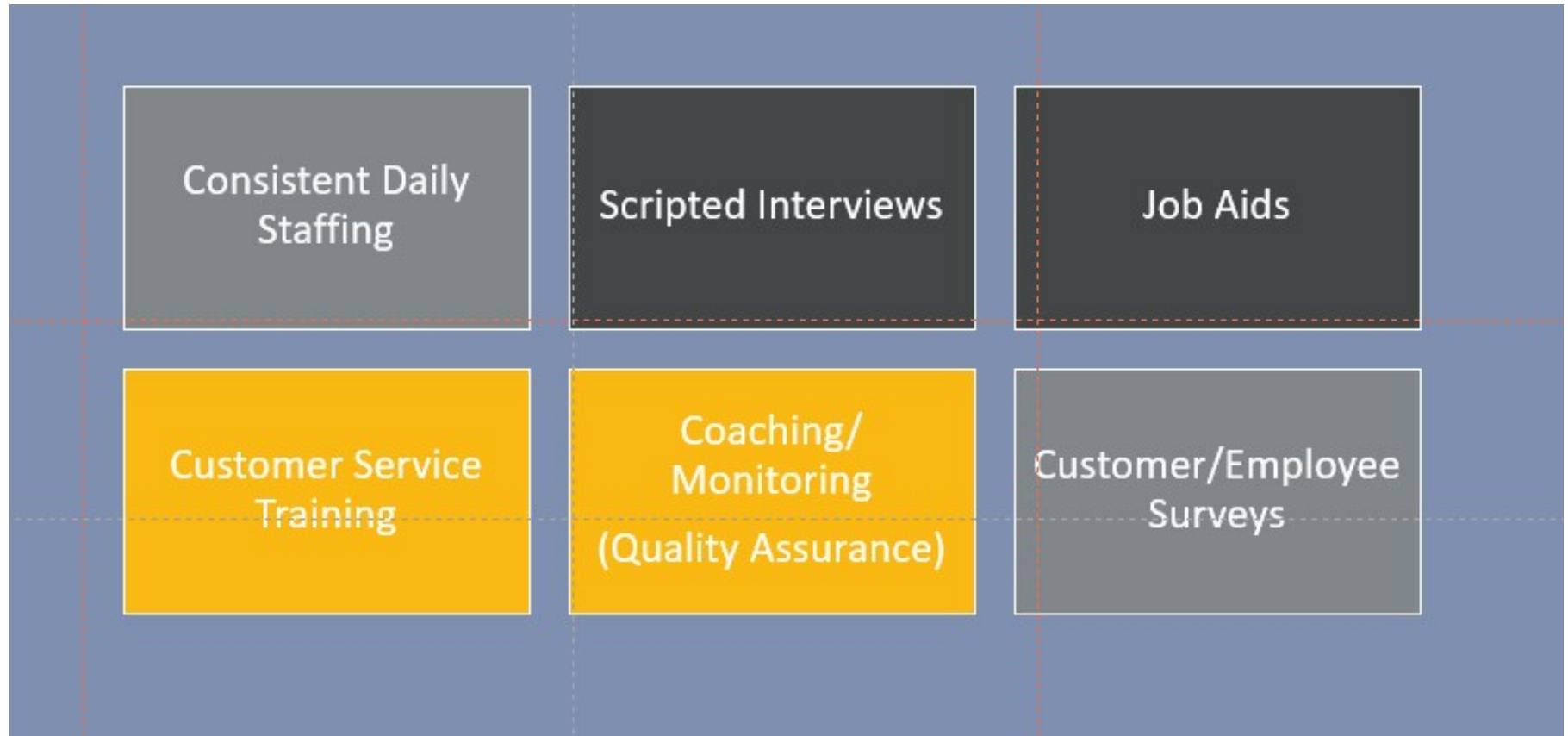
Non-Filer Program

Payment Arrangements

Taxpayer Delinquency Investigations



Walk In Center Improvement Plan





Certificate of Clean Hands

- ☐ The new clean hands application launched on MyTax.Dc.gov on April 15, 2020.
- ☐ Requesting a Certificate of Clean Hands is done electronically.
- ☐ Verification of Clean Hands no longer requires a log on for other agencies.
- ☐ To obtain a Certificate of Clean Hands you must log in/or create a MyTax.Dc.gov account (non-login option available for non-DC filers), Click "Request a Certificate of Clean Hands to confirm or complete the required information (Registered Taxpayers).
- ☐ Applicants with over \$100 in liability; or have failed to file all applicable returns with the five-year look back period with DC, may be denied issuance of the Certificate of Clean Hands for themselves and their businesses unless they are on an official payment plan and the first payment for the plan has posted to the account.
- ☐ Certificate of Clean Hands Resources include:
 - ☐ FAQ's and Tutorials – Visit MyTax.DC.gov
 - ☐ Technical Assistance for the portal can be obtained by calling E-Services Unit at (202) 759-1946 or via a webmail at e-services.otr@dc.gov
 - ☐ Specific Certificate of Clean Hands inquiries – email Cleanhands.cert@dc.gov.



Installment Agreement capabilities on MyTax.DC

- **Current Installment agreement requirement**

- Liabilities must be \$50,000 or less;
- Maximum term installment agreement is 3 years

- **New Installment agreement Parameters**

- Raise threshold to \$100,000
- Revised term maximum term to 4 years
- Require a down payment equivalent to one monthly payment
 - This Policy change will allow taxpayers that are seeking clean hands to set up an installment agreement, make a down payment using ACH, and receive their certificate without the assistance of an agent.



Installment Agreement Tips

- ▣ Taxpayers cannot create online payment plans if any of the following are true:
 - Liability cannot already be in an active payment plan;
 - Taxpayers cannot have non-filed periods
 - Have not exceeded the two online payment plan cancellation for the same debt;
 - Liability cannot be outsourced to a Collection Agency;
 - Cannot be an active bankruptcy, garnishment, settlement, or offer in compromise;
 - Account cannot have a linked liability, (i.e., Officer Assessment);
 - Bills must be in the Assessed Stage to create a payment plan.

- ▣ The following will default a taxpayer payment agreement
 - A new liability will cause the payment agreement to default
 - A non- filed return will cause a payment agreement to default.

- ▣ Additional Tips
 - Refunds can be applied and or received.
 - Divide outstanding balance (including accruing penalty, interest and fees) by number of months requested.
 - Payment agreements requested with terms beyond 48 months that are secured by Collection personnel may be subject to review of Collection Information Statement (PA-1 or PA-2) and review of the latest filed IRS tax return, bank statements and any other documentation necessary to verify ability to pay.



Non-Filer Unit

Individual Non-Filer Program:

- ☐ Through an information sharing agreement with the Internal Revenue Service, The Office of Tax and Revenue receives information identifying individuals that may have an individual income tax filing obligation for the District of Columbia for a specified tax period.
- ☐ Notices are generated and mailed to the identified taxpayer to inquire about the tax period and to request documentation if they believe they are not required to file.
- ☐ The expectation is for taxpayers that receive letters to respond to our inquiry within 30 days with a return or proof of out of state residency.
- ☐ If cases remain unresolved, the information received from the Internal Revenue Service is used to generate an assessment for the tax period in question and collection activity begins.
- ☐ When taxpayers provide sufficient proof of out state residency for the period in question, the Non-Filer case is closed, and any assessment associated with the case is reversed and removed from the taxpayer's account.
- ☐ The District has several taxpayers that work for US Congress or are active duty military stationed in the District that may receive Non-Filer inquiries. Once documentation is received to prove out of state residency these cases are closed as well.

Special Events

- ❑ **VENDORS** - participating in these events are liable to file and pay sales tax on items sold during the event. It is the responsibility of the vendor to file a form FR800SE by the 20th of the following month after the event. These are filed online using MyTax.DC.gov
- ❑ **PROMOTERS** - are responsible for the timely submission of the Vendor list. A Registration penalty will occur if Vendor list is not submitted timely.





Offer In Compromise

- ☐ Offer-In-Compromise (OIC) is completed via OTR-10 booklet and related form.
- ☐ Viable means of debt resolution if its in the best interest of the District and the taxpayer to consider an OIC
- ☐ Current and future earnings potential are analyzed, along with completed PA-1 and/or PA-2 and related documentation
- ☐ Prior compliance history, tax type, and other factors are important in determining feasibility
- ☐ OIC's are not payment agreements and generally require a substantial down payment and minimal time to meet the terms of the OIC
- ☐ Must remain in compliance for five-years after acceptance or the process defaults to pre-OIC consideration
 - ☐ Doubt as to Collectability – worked by Revenue Officers
 - ☐ Doubt as to Liability – worked by Auditors

Revocation of Sales Tax Certificate

TAKE ACTION

- ☐ **Revocation of Sales and Use Tax Certificate in lieu of full-scale seizure.**
- ☐ **Prohibits taxpayer from continuing sales in the District of Columbia until tax issues are resolved.**



Outsource Unit

- ❑ OTR currently partners with two collection agency vendors to collect various tax types including, Individual, Fiduciary, Corporate & Unincorporated Franchise, Sales and Use, Withholdings and others.
- ❑ The first vendor accounts are assigned to RSI Enterprises. Accounts over 90 days old will be assigned to this company for collection. Accounts will remain with this vendor for 180 days.
- The second vendor accounts are assigned to Pioneer Credit Recovery. Accounts over 90 days and have been assigned to the first vendor with limited or no success in collection after 180 days, will go to this vendor for 300 days.
- ❑ Both vendors are subject to OTR oversight and adhere to policies and procedures.
- ❑ The Outsource Unit communicates with vendors daily and handles correspondence and taxpayer disputes.



Exporting Judgments

- ❑ There are scenarios when delinquent taxpayers have assets—like, bank accounts, personal property, and real estate—outside the District of Columbia that can be used to satisfy their tax debt (e.g., in Virginia, Maryland, Florida, etc.).
- ❑ In order for the District to reach those foreign assets, the District must first obtain a judgment from the local court—D.C. Superior Court. This entails the Office of the Attorney General (OAG) filing a lawsuit against the delinquent taxpayer under the applicable tax statutes.
- ❑ Once D.C. Superior Court issues a judgment in favor of the District on the tax debt, OAG obtains a “triple-sealed” copy of the judgment from the Clerk’s office and can then take that to another State and go through that State’s court system to collect on the debt.



Exporting Judgments

- ☐ This should not be a second round of litigation in a new State court. For example, if OAG takes the DC judgment to Virginia, the Virginia generally must recognize the DC judgment (known as a foreign judgment) as a matter of course under the U.S. Constitution's full faith and credit clause. U.S. Const. art. IV, § 1; After recognizing the DC judgment, the Virginia courts can then issue writs of attachment and garnishment orders so that the District can go after the delinquent taxpayer's Virginia assets.
- ☐ **Note:** The COVID-19 Response Supplemental Emergency Amendment Act of 2020, Act No. 23-286, which stops the collection of some debts during the pandemic, does not apply to the collection of tax debts owed to the District. See D.C. Code § 28-3814(b)(1C).
- ☐ Judgment is utilized when all other collection efforts have failed



Bulk Sale and Registration

- ☐ **Code Section 47-4461**

Purchaser of an existing business must notify OTR of the sale and its terms within 15 days of sale.



- ☐ **Send a notification of sale via certified mail to:**

Office of Tax and Revenue, PO Box 37559
Washington, DC 20013, Attention: Bulk Sale Unit

- ☐ **The notification can also be emailed directly to the Collection and Enforcement Administration at OTR.BulkSale@dc.gov.**

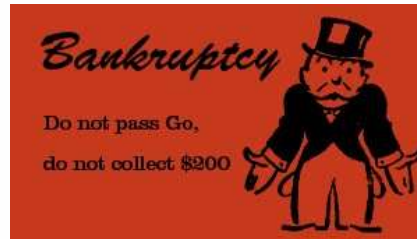
- ☐ **Failure to notify OTR can result in:**

The purchaser inheriting the seller's debt even if the debt is undisclosed to the seller.

- ☐ **Purchaser cannot operate with the previous owners Federal Employer Identification Number**

- ☐ **Purchaser must file FR-500 – Combined Business Tax Registration Application to identify all tax obligations**

- ☐ **Seller's returns and taxes must be filed and paid timely to be in full compliance.**



Bankruptcy

- ❑ The District of Columbia maintains a super priority claim over all creditors (even the IRS) for Sales and Use taxes regardless of when the creditor has filed a claim.
- ❑ Proof of Claims (POC) are filed as soon as notified of the bankruptcy
- ❑ The Collection Division will file liens to protect the District's interest, so that a secured POC can be filed.
- ❑ Collection works very closely with the Office of the Attorney General (OAG) on bankruptcy cases, and many times are called to testify and attend bankruptcy hearings to ensure OTR's position is clearly understood by the trustee and the judge
- ❑ Primary filings are Chapter 7, 11 and 13



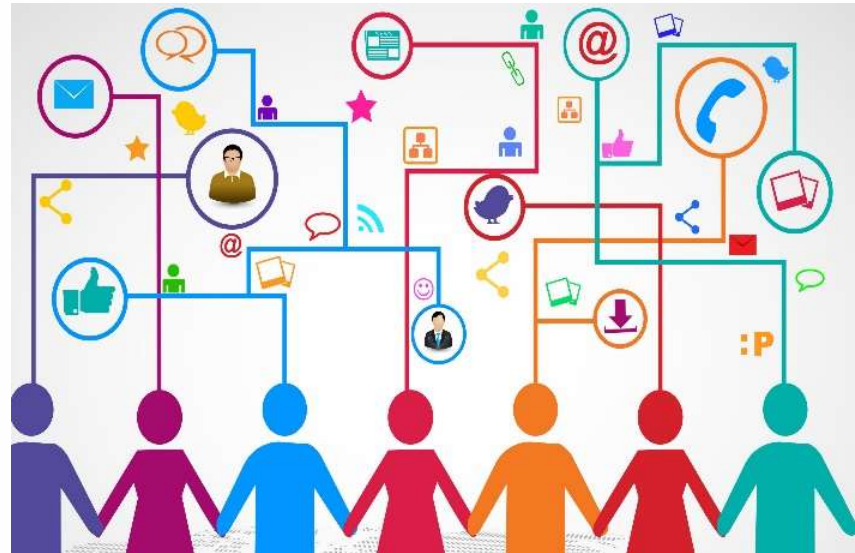
Possessory Interest

- ☐ District of Columbia Official Code § 47-1005.01 established the assessment and taxation of possessory interest.
- ☐ When government (non-taxable entity) grant the use of its real estate either for private occupation or control, to another person or entity that use the real estate in a manner the result in profit for such person or entity, taxable possessory interest is created.
- ☐ Possessory Interest is assessed against the lessee of property owned by the Federal or District government
- ☐ Possessory Interest cases originate from the Office of Tax and Revenue – Real Property Tax Administration and are assigned to the Collection and Enforcement Administration to collect.
- ☐ Possessory Interest cases are subject to the same enforced collection activity as other tax types, i.e. lien, levy, seizure, payment agreement, etc.
- ☐ These cases are subject to the filing of a District Tax Lien. The lien is filed and recorded against the lessee of the government owned property, and not against the Federal or District government.

Collection and Enforcement Web Page

Visit our Web page at www.otr.cfo.dc.gov/page/collection-division
to learn more about:

Collection Information
Forms
Payment Options
FAQ's
Contact Information





Contact Information

General inquiries and correspondence: Compliance@DC.GOV

COVID/HARDSHIP: OTRCOVIDRELIEF@DC.GOV

OTR Collection's Call Center: (202) 724-5045

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Q & A

